

EMPLOYEE BULLETIN

PUBLIC LAW 88-643 "The Central Intelligence Agency Retirement Act of 1964
for Certain Employees"

1. Public Law 88-643, titled "The Central Intelligence Agency Retirement Act of 1964 for Certain Employees," represents the first major action in establishing a "System" within the Agency which recognizes the special character of the service performed by employees concerned with the conduct or direct support of clandestine and covert activities. This Law, enacted by the 88th Congress, offers Agency officers and employees "whose duties are determined by the Director to be (1) in support of Agency activities abroad hazardous to life and health and (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employ" *benefits not available to other Agency employees.

25X1A 2. It is an objective of the Central Intelligence Agency to develop a career program designed to meet the special circumstances and requirements of a career in the type of Agency service described in this Act and elaborated in recently approved Headquarters Regulation [REDACTED] "CIA Retirement and Disability Program." The implementation of this Act by the 88th Congress is a significant and essential step toward this objective.

TWO RETIREMENT SYSTEMS - CIVIL SERVICE AND CIA

3. Heretofore, employees of the Agency have been covered by the Civil Service Retirement System. The benefits of this system are appropriate for those individuals whose conditions and terms of service are comparable to those of Federal employees generally. All employees will continue to initiate their careers in the Agency under the Civil Service System. Those who are not designated to

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(Re-drafted by [REDACTED])

participate in the CIA System will remain in and be retired under the Civil Service System. The attached chart describes and compares the principal provisions of the Civil Service Retirement System and the CIA Retirement and Disability System.

4. Early in an Agency career the individual who meets the primary requirements of "serving in a career field which normally requires the performance of minimum period of qualifying service as an integral part of a career in that field" will normally be moved out of the Civil Service System and into the CIA System. Assuming that the individual's career follows the normal course, he will remain in the CIA System until he has completed 15 years of service in the Agency. At the time of his 15th anniversary in the Agency the individual will be able to exercise a choice---provided that he has completed 5 years of "qualifying service" and renews his service obligations---of either reaffirming his desire to remain in the CIA System for the remainder of his career or to request his return to the Civil Service System. The latter involves the transfer of funds and records from the CIA System to the Civil Service System; for this and other reasons, the exercise of this choice will normally be permitted only once.

EARLY RETIREMENT UNDER THE CIA SYSTEM

5. The National Security Act of 1947 provides the Director special authority to terminate the employment of any individual. This authority is exceptional to normal Civil Service employment and will remain equally applicable to employees under the Agency System. Thus, an individual's position with respect to termination of employment by decision of the Director is the same under both Systems.

6. The Agency decision in 1963 to request "early retirement legislation" for certain of its employees was based on extensive study of the problems of security, cover arrangements and health which are encountered in carrying out

many of the Agency missions in foreign areas. This study revealed that these problems tend, in most cases, to become acute beyond the age of 50, that the skills and experience acquired abroad are not readily utilized in any quantity in headquarters and that the interest of the Agency and the individual would, in some cases, be served by the individual's retirement from the Agency at the time that his effectiveness in this type of service was being reduced because of security, cover and health problems.

7. The basic provision of the New CIA Retirement Act is that it permits an individual at age 50, with 20 years of government service, 10 years of Agency service and 5 years of "qualifying service" to retire without a reduction in annuity for age. In contrast, an employee under the Civil Service System of comparative age and service (whether Agency or "qualifying" is not relevant) is terminated, if termination is not for cause, becomes eligible for an immediate but reduced (15% in the case of the individual age 50) annuity. In Congressional hearings leading to the enactment of "early retirement" legislation, the problems of security, cover and health which are encountered and reduce the effectiveness of an officer beyond the age of fifty were emphasized and weighed heavily with Congressional sponsors and supporters of the Act.

8. The underlying premise of CIA Retirement Act is that the combination of the problems encountered in performing "qualifying service" beyond the age of 50 and the inducements of early retirement benefits under the CIA System would result in a sufficient number of voluntary retirements on or soon after age 50 to permit the Agency to maintain an appropriate age balance in the career groups performing the service related to this Act. The provision for involuntary retirement under the Act simply extends and makes explicit in context of this Act the special authority of the Director originally set forth in the 1947

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National Security Act. Implicit in the CIA Retirement Act is the intent of the Agency to achieve a higher incidence of retirement at or soon after age 50 from within the ranks of the CIA System than from the Civil Service System. Thus, the choice exercised by the individual in the CIA System after 15 years of Agency service is an important one. A choice to remain in the Agency System automatically places him in a category from which a higher rate of early retirements, whether voluntary or involuntary, will occur; this choice also assures him of whatever career advantages---including those provided by the CIA Retirement Act---accrue from being a participant in the Agency System.

"QUALIFYING SERVICE" for PARTICIPATION IN THE CIA SYSTEM

9. To enter the CIA System the individual must have demonstrated intent, early in a career, to perform what is described only in the broad language of paragraph 203 of Public Law 88-643 as "qualifying service"; to remain in the CIA System he must periodically have performed minimum periods of "qualifying service"; to be eligible for retirement under the CIA System he must have completed at least five years of "qualifying service". Regulation [REDACTED] goes much further than Public Law 88-643 in defining "qualifying service"; it provides sufficiently criteria for judging the qualifications, in most instances, of the individual for entrance to, remaining in and being retired from the CIA System. However, both the Act and the Regulation permit and, indeed, require considerable interpretation in their application to a limited number of employees whose duties do not, for one reason or another, fit neatly into the easily identified types of "qualifying service". These include the few who may serve abroad but in a capacity not directly related to clandestine or covert activity and greater number whose service in the United States is primarily and directly related to clandestine or covert

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activity. It is clear that precision in defining "qualifying service" will grow with experience in applying the Act and the Regulation. Additionally, the dynamics of intelligence work in a changing world demand that the criteria applied in making judgements in contexts of this Act be periodically reviewed.

ADVANTAGES OF THE CIA SYSTEM

10. The CIA Retirement and Disability System not only provides substantially all of the benefits of the Civil Service Retirement System but in addition offers distinct advantages.

11. The CIA System provides substantially all the benefits of the Civil Service System; the advantages the CIA System offer include:

- A. Voluntary Early Retirement: A participant in the System may, with the consent of the Director, retire upon reaching age 50 if he has at least 20 years of creditable Federal service including at least 10 years of Agency service which includes at least 5 years of qualifying service.
- B. No reduction in Annuity for Retirement Before Age 60: Under the Civil Service Retirement System, all retirement below age 60, except disability retirement, require a reduction in annuity. The reduction is 1% of annuity for each year the retiree is under age 60 to age 55, and 2% of annuity for each year he is under age 55. There is no reduction in annuity under the CIA Retirement System before reaching 60.
- C. More Liberal Annuity Computation Formula: Under both the CIA and the Civil Service Retirement Systems, an annuity is based on the individual's "high-5 salary", that is, his average salary for his highest

paid five consecutive years of service. However, under the Civil Service Retirement System, the annuity is computed at 1.5% for the first five years of service, 1.75% for the second five years, and 2% of high-5 for all remaining years of service. Under the CIA Retirement System, the annuity is computed at 2% of high-5 for all years of service.

THE ROLE OF THE CIA RETIREMENT BOARD

12. The implementation of the CIA Retirement Act is being carried out under the supervision of a CIA Retirement Board comprised of senior Agency officials nominated by the Deputy Directors and appointed by the Director to assist and advise the Director of Personnel in the administration of the CIA Retirement and Disability System. A CIA Retirement Staff has been established in the Office of Personnel to provide staff and secretariat support in the administration of the CIA Retirement System. At least initially the CIA Retirement Board is dealing exclusively with the implementation of the new Act. This Board and its functions is quite separate and distinct from the established Agency Retirement Board which handles retirement matters under the Civil Service Retirement System.

INFORMATION ON THE CIA RETIREMENT ACT

13. During the past few weeks personnel officers in all components of the Agency have been briefed and provided the regulations and administrative information covering the CIA Retirement Act. Detailed information can be obtained from the Agency component personnel officers.

ACTION REQUIRED BY THE EMPLOYEE

14. Unless an employee is or soon will be fifty years of age, is otherwise qualified and desires to retire voluntarily in the near future under the CIA

System, no repeat no action is required by the individual employee at this time. All career employees now on duty with the Agency who have completed three or more years of service in the Agency and who are at least 25 years old will be automatically considered for designation in the CIA System. Because of the number of employees involved, this process will probably take many months to complete. The reviews will be phased so that those employees will be considered first who may now, or soon hereafter, be eligible for retirement. Successively lower age groups will then be reviewed. The individual will formally be notified when action has been taken in his case.

DESIGNATION TO THE CIA SYSTEM

15. Normally, designation of an employee with less than fifteen years of Agency service to the CIA System will be largely an automatic administrative action on the direction of the Director of Personnel who acts on the recommendation of the head of the individual's career service. While the procedure provides for prior notification and individual appeal to the Director, the action of designation to the CIA System, in contrast to the choice made by the employee in the CIA System at the conclusion of 15 years of Agency service, is not a critical milestone for the employee with less than 15 years of Agency service, in the career of an Agency employee. Its importance stems from the fact that this action constitutes the formalization of status as a participant in the CIA System. For the employee who has already achieved a minimum of 15 years of Agency service is otherwise qualified and is designated to become a participant in the CIA System, notification of his designation will in fact coincide with his opportunity to exercise the choice provided for at the 15th anniversary of the employee already in the CIA System.

16. The basis for an appeal to be exempt from designation as a participant in the CIA System would normally be for cause resulting in permanent disability to meet the obligations of the Service Agreement. Temporary causes of inability to immediately meet the obligations of the Service Agreement would normally not affect the eligibility and designation of an individual to participate in the CIA System.

SERVICE AGREEMENT

17. A new Service Agreement, form 3101, is the instrument which the employee must sign in assuming the obligation to perform the "qualifying service". For the present, the existence in the file of a signed Career Staff form, long in use in the Agency, may be used in lieu of the new form. 3101 will be used whenever a new Service Agreement is required.

THE CIA SYSTEM AND THE INDIVIDUAL WITH 15 OR MORE YEARS OF AGENCY SERVICE

Any individual who has 15 or more years of Agency service has less than five years of "qualifying service" but is otherwise qualified for participation in the CIA System, will not be designated to the System until he has completed his five years of "qualifying service". Once this requirement is met, the notification of his designation to the CIA System will coincide with the occasion on which he must exercise his choice between remaining in the CIA System or completing his Agency Service under the Civil Service System.

Any individual who is already eligible for optional retirement under the Civil Service Retirement System and is also qualified to be designated a participant in the CIA System may exercise the choice of becoming a participant and immediately retiring under the CIA System. However, there are a few cases in which Civil Service Annuity would be larger than a CIA annuity because the maximum annuity is higher under Civil Service (80% rather than 70%). Generally, the higher maximum annuity makes the Civil Service Retirement System more favorable to the employee who has 36 years and 10 months or more of service. The CIA

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Retirement Staff will pay close attention to this factor in processing cases and will advise the individual of the relative advantages.

After making a choice to remain within the CIA System on or after the 15th anniversary of Agency service, the individual may not again return to the Civil Service Retirement System. However, as a matter of policy, the CIA Retirement Board has agreed that a participant may, not later than one year prior to his retirement, apply to be removed from the System and transferred to the Civil Service Retirement System provided his annuity would be larger under the Civil Service Retirement System. (An employee must have been under the Civil Service Retirement System for at least one year during the two years immediately preceding retirement under that System.)

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